

The U.S. economy is in recession and that will likely continue through most of 2009. In the third quarter of 2008 the economy, as measured by Gross Domestic Product declined by 0.5 percent. In the fourth quarter the economy is expected to contract somewhere between three to five percent.

The U.S. Bureau of Labor Statistics has reported reductions in nonfarm payroll jobs every month since December 2007. There were 2,050,000 jobs eliminated from the economy over the previous twelve months: November 2007 to November 2008. Looking at the major industries in terms of job losses and jobs gains provides a picture of relatively widespread difficulties throughout the economy (refer to the chart).

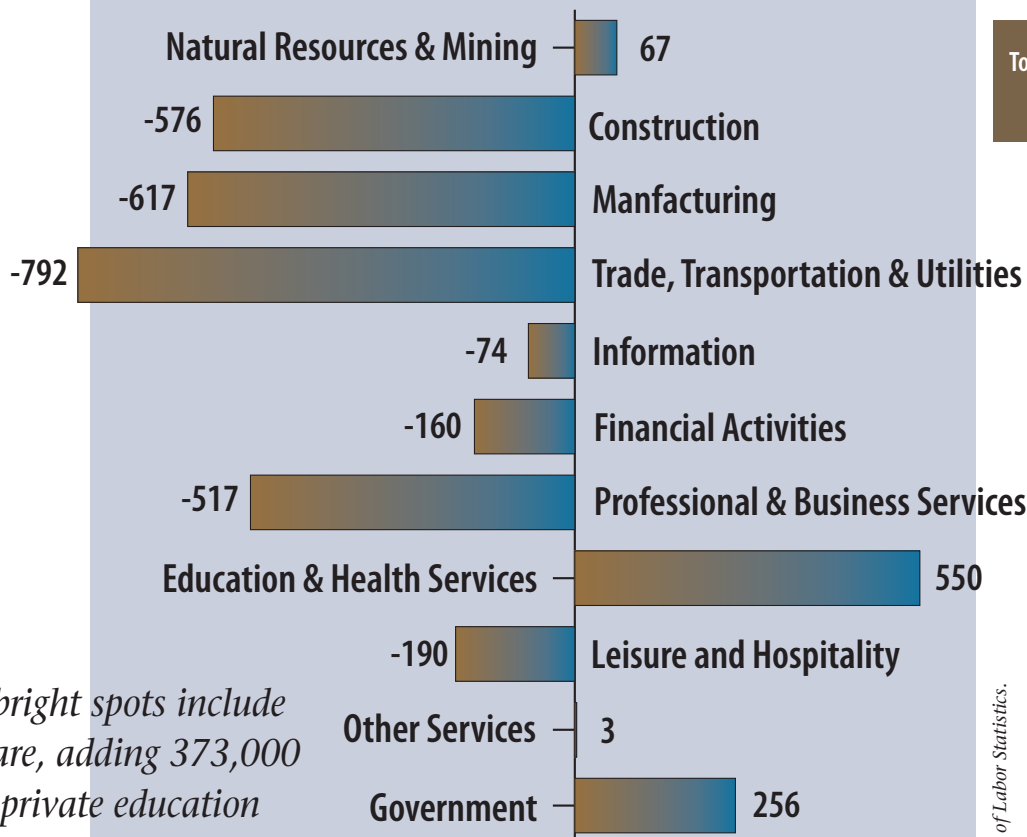
Our current economic decline began in 2006 when the residential housing boom began to unravel. Consequently, in November of 2008 year-over job losses were high in construction at 576,000. Manufacturing lost even more (617,000) as employment continues to hemorrhage with multi-year jobs losses—29 consecutive months of declining employment. Of the three goods-producing industries—mining, construction, and manufacturing—only mining has added jobs stimulated by the high-energy prices of recent years.

Turning to private service-producing industries, there are just a few bright spots; chief among these is health-care, which added 373,000 jobs from November 2007 to November 2008. Private educa-

Monthly Job Losses in 2008 Continue into 2009

12-Month Change in U.S. Nonfarm Jobs:

November 2007 to November 2008 • Number in 1,000's of Jobs



Total Nonfarm Job Change:
-2,050,000

A few bright spots include healthcare, adding 373,000 jobs, private education adding 102,000 jobs, and social assistance increasing by 75,000 jobs.

Source: U.S. Bureau of Labor Statistics.

tion added 102,000 jobs and social assistance increased by 75,000 jobs for a total of 550,000 for this group. The only other services industries to grow in employment were professional and technical services, utilities, and "other," which increased by 85,000 together.

Wholesale and retail trade lost 655,000 jobs over the past twelve months, with car dealers being particularly hard hit. Administrative and waste services saw a reduction of 548,000 jobs, with 422,000 of these losses coming from temporary help services.

Typically, when the economy goes into recession government employment continues to expand, at least initially. In November of 2008, there were 256,000 more government jobs than counted a year earlier, with 36 percent of these

jobs accounted for by public education—both higher education and k-12 education.

In November 2008, an estimated 10,331,000 were unemployed. These are persons who are available to work, having actively looked unsuccessfully for a job during the past month. This is an increase of 3,150,000 or 44 percent more than the 7,181,000 unemployed in November of 2007. The unemployment rate for November stood at 6.7 percent.

Going into 2009, the ongoing construction bust—with falling home values, very high unsold inventories, foreclosures; along with tight credit conditions and the severely strained financial system, are all weighing negatively on the U.S. economy. The serious stresses on consumer and business spending are evident as the recession continues. ⓘ